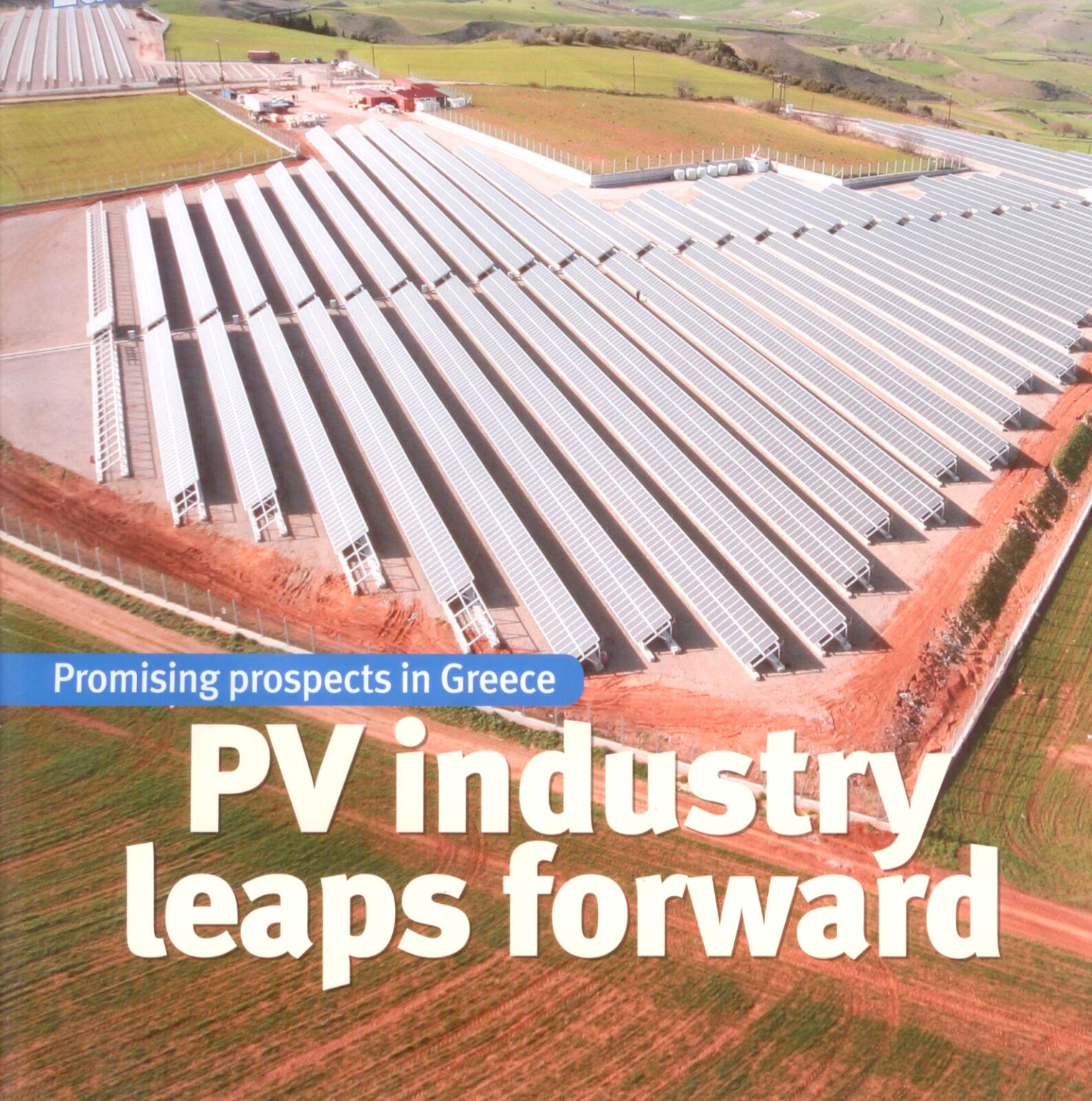


SUN & WIND ENERGY



Special
Edition Greece



Promising prospects in Greece

PV industry leaps forward

„Buy the licence to avoid lengthy process“

Abraam Kosmidis
in his office in
Thessaloniki

Photo: Kosmidis & Partner



Greece is considered to be a newcomer among the world's highly attractive PV markets. *S&WE* spoke to Abraam Kosmidis of the international law firm Kosmidis & Partner in Thessaloniki on the specific conditions and requirements of the Greek PV market.

S&WE: Mr. Kosmidis, your law firm has a particular expertise in transnational legal issues and provides consultant services, for example, to foreign PV companies planning to make an entrance on the Greek market. In your opinion, is it best to open a local branch office, a subsidiary or a partnership with a domestic company to start business in Greece?

Abraam Kosmidis: In view of the extensive licencing procedures at the Greek Regulatory Authority of Energy (RAE) and the applications for investment grants at the Ministry of Economy and Finance, the ideal solution would be to found a

subsidiary in Greece or preferably a new company. Another option is to create a type of partnership with a Greek company. However, a partnership is only of advantage when later founding a new domestic company, which is essentially the most efficient way of securing the interests and priorities of the investor.

S&WE: Is a specific knowledge of the Greek commercial and contracting law required prior to entering the market?

Kosmidis: By its decision in the National Development Law (N.3299/04), the Greek Ministry of Development approved the financing of investments in PV projects in Greece. The size of the public subsidies depends on the size of the company according to the criteria and the definitions stated in Commission Regulation (EC) 70/2001, i.e. the number of employees and the company's annual balance sheet. The independence criterion according to which the investing company cannot belong to a smaller or medium shareholder by more than 25 % is of particular relevance. If this rule is violated, the grant can be drastically reduced. In case of the participation of another company, the investor must remain at the level of a medium-sized business to be eligible for the full subsidy amount. Medium-sized businesses are determined to have a staff below 250 persons, a banking business of € 50 million per year and an annual balance sheet below € 43 million. The investing company has the alternative option of receiving a tax exemption for non distributed gains from the sum of company activities in the first ten years following the realization of the investment though the creation of a tax exempted reserve.

S&WE: What are the key criteria for receiving financing for new projects?

Kosmidis: The first requirement for financing a new project is accessibility of sufficient equity. The total investment must include an equity share of at least 25 % of the subsidy amount. Higher equity shares, for example, up to 35 % can be an advantage during the licencing procedure. Besides the public subsidy grant of up to 40 % of the total investment sum, the remaining costs can be covered through a loan by a Greek bank. Next to the outside capital, many Greek banks also offer interim financing in the size of the investment grant. The

investor then has the necessary funds at hand prior to the issuing of the investment grant by the Ministry.

S&WE: What would be the direct road for foreign project companies and investors to obtain a licence for their PV system especially when building a large-scale system?

Kosmidis: Obtaining a production licence is currently the easiest and most direct mode for the installation of a PV system in Greece. Many project owners lack the financial means to realize their projects and are sooner or later forced to sell their licence. When acquiring such a licence, the investing company can avoid the lengthy licencing procedures and apply for the investment grant right from the start. After receiving a so-called preliminary licence through the Ministry of Finance, the investor is able to begin with the realization of the system.

S&WE: Are there any particular environmental permits in Greece that need to be taken into account during the first project stage?

Kosmidis: Environmental compliance is an important prerequisite for obtaining a production licence. The application for an environmental permit involves two stages. The prospective producer first obtains a preliminary assessment and evaluation

for the PV system. The final environmental approval is issued in a next step if the requirements are met. Owners of PV projects with a projected capacity above 150 kW must provide a preliminary environmental impact study in course of the licencing procedure.

S&WE: Do any specific warranty rules apply in Greece?

Kosmidis: In Greece, most modules come with a 5-year product and power warranty, which is usually determined on a certain percentage basis. For example, a power warranty may cover a minimum of 90 % over 12 years or a minimum of 80 % over 25 years. The guarantee for electrical or mechanical component parts differs from 18 months for mounting equipment to 5 years for cables and inverters. The guarantee for electrical component parts is often prolonged in a special agreement for a period of 5 years. Finally, the owner of a PV system often receives a so-called service agreement for maintenance of the system.

S&WE: Are there suitable insurance packages available for PV systems?

Kosmidis: Some insurance companies in Greece offer reliable and efficient insurance policies that fit the specific requirements of the market development very well.